

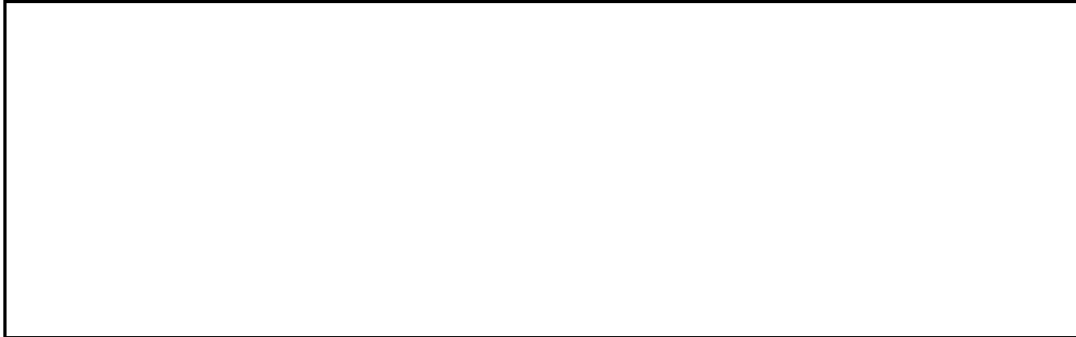
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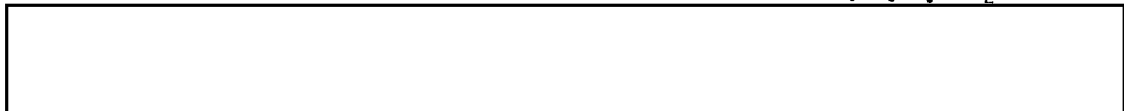
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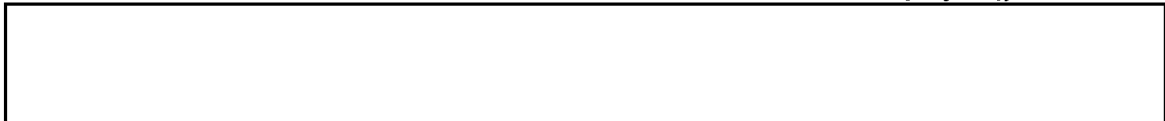
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Greek-Turkish Relations Remain Strained

Relations between Greece and Turkey remain strained as a result of the unresolved Cyprus and Aegean controversies despite the spirit of detente that emerged from the meeting between Prime Ministers Karamanlis and Demirel in Brussels last May.

Overt signs of tension such as overflights of territory and related shooting incidents, as well as probes into contested waters, subsided after the two leaders agreed to negotiate their differences rather than risk an armed clash. Negotiations on the various problems have moved slowly, however, with a resulting increase in tensions as each side feels compelled to prove to domestic opinion that national interests are being zealously protected.

In addition to the stalled Cypriot inter-communal talks, in which both Athens and Ankara are intimately if indirectly involved, the negotiations over air space rights in the Aegean have also suffered a setback recently. The approaching talks over mineral rights in the Aegean promise to be even more stormy and protracted.

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A more crucial test of Greek and Turkish willingness to work toward peaceful resolutions of bilateral problems will come in a few weeks when representatives of the two countries meet to discuss the terms of reference for submission of the volatile continental shelf issue to the International Court of Justice.

The Greeks seem confident of their legal case and in any event, are not inclined to pursue their objectives by political or military means that could result in a military clash with the more powerful Turks. They are therefore expected to argue that the Court be given broad terms of reference.

The Turks have agreed in principle to take the issue to the Court but have given strong indications they still prefer to settle the controversy in bilateral talks. Ankara probably believes that it can persuade or cajole the Greeks into granting concessions and thereby secure a better deal than the Court is likely to offer. As a result, the Turks are expected to insist that the Court be given very narrow terms of reference and that most aspects of the issue be resolved in bilateral negotiations.

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Iceland's Fishing Posture Freezes

Public positions in Iceland continue to harden in the aftermath of the inconclusive initial talks on September 11 with the British on a fisheries agreement.

Spurred by strident opposition leftist charges that the government cannot be trusted to defend Iceland's interests, coalition spokesmen, in speeches and press articles, are hastening to show their firmness.

In this atmosphere, the coalition will find it more difficult than ever to agree on any kind of meaningful negotiating position. Prime Minister Hallgrimsson and other Independence Party leaders, who privately had been leaning toward granting some concessions to the UK, have had to back water publicly. The coalition Progressives, who earlier blocked a coalition position by refusing to take a controversial public position, are even less inclined to do so now.

The Icelandic government's timidity in facing up to the issues appears to increase prospects that the "cod war" will resume in earnest once the current agreement with the British expires in mid-November. The only ray of hope now is that Foreign Minister Agustsson can convince West German Foreign Minister Genscher, when they meet at the UN later this month, to make a first concession. This probably would be to lift Bonn's ban on the EC-Iceland tariff agreement. Such action would permit Reykjavik to move ahead with the FRG as well as the UK and Belgium.

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Another Crack in the French Left Alliance

A move by the left Radicals to open a dialogue with the French government could put a severe strain on the left alliance in which the Radicals cooperate with the Communists and Socialists. This week the left Radical president, Robert Fabre, sought an appointment with President Giscard to discuss "the gravity of the situation" resulting from the government's policies.

The three members of the left alliance had previously refused Giscard's continued invitations to participate in a dialogue between the government and the opposition on the major problems facing the nation. Earlier this year the left Radical leadership dissociated itself from a party vice president who publicly criticized the Communists and said he might support some of the government's programs.

Fabre said he asked for the meeting to begin "the process of returning to normal relations without in any way renouncing our own political objectives." The move will add yet another strain to the credibility of the left alliance, already damaged by the Communist-Socialist dispute over Portugal. The Communists and Socialists will be forced to consider whether Fabre's move warrants expelling the left Radicals from the alliance. More significantly, the Socialists may be impelled to re-evaluate their own attitude toward dialogue with the government. Socialist leader Francois Mitterrand had already told the National Assembly on September 10 that his party had "no objection in principle to returning to a practice interrupted in 1958"--when de Gaulle established the Fifth Republic--and that the Socialists would accept such invitations when they "think it opportune."

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The Communist leadership is adamantly opposed to such contacts and sees the willingness of its two allies to talk with the government as further evidence of their half-hearted commitment to the interests of the left and the workers. The Communists have long been suspicious that Mitterrand is trying to exploit the alliance to boost the Socialists to a dominant position on the left from which he could forge an alliance with Giscard's government that would effectively exclude the Communists from power for the long-term.

Giscard, for his part, has been wooing moderate leftists since he took office last May and will probably seek to capitalize on his contacts with left Radical leaders to move them toward cooperation with the government. The center and right wings of the Radical party are already members of Giscard's coalition. The president hopes not only to broaden the base of his government by extending it leftward, but also to reduce the power of the Gaullists within his coalition by forming an alliance among his own Independent Republicans, center parties, and moderate leftists. His coalition now holds about 290 of the 490 Assembly seats, and while the 14 left Radical deputies would not alter the power balance in that body if they should bolt the left alliance, their support could be crucial in offsetting opposition by some conservative members of the governing coalition to the liberal social and economic programs Giscard plans to present to the Assembly later this year.

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Norwegian Wage Settlement Affects Political
Scene

The wage package negotiated by the government, the trade union federation, and the employers' association on September 10 combines a minimal cost-of-living wage and pension adjustment with a government guarantee providing for increased real incomes. All sides are hopeful that the new pact, which includes some tax cuts, will slow inflation and enable marginal employers to avoid adding to unemployment with further lay-offs.

The first impact of the new agreement was felt--inconclusively--in nationwide local elections on September 15-16. Both Prime Minister Bratteli's Labor Party and the opposition gained. The Conservatives won more than 20 percent of the vote, their biggest total in 40 years, while the Labor Party increased its share of the vote over the 1973 national election despite its defeat in Oslo and some other cities. The big losers were the Socialist Left Party, a Communist-dominated alliance, and to a small extent, the other moderate and conservative splinter parties.

Government and opposition leaders will interpret the results to their own advantage. Labor can conclude that the new bargaining agreement reduced losses it would normally have incurred in off-year local elections. The opposition Conservatives, on the other hand, will see their gains as reinforcing their expectation to unseat Labor in the next national election in 1977, especially if the non-socialists can cooperate in an election alliance.

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